

ORIGINAL



## Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

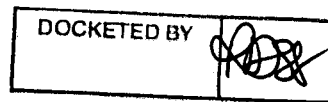


Tuesday, August 2, 2010

Arizona Corporation Commission  
**DOCKETED**

AUG 26 2010

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007



ACC CORP COMMISSION  
DOCKET CONTROL

2010 AUG 26 P 3:05

RECEIVED

**RE:** SSVEC's Comments on August 16, 2010 Draft Report  
Docket No. E-00000D-09-0020  
2010 Biannual Electric Transmission Assessment

Dear Sir or Madam;

Sulphur Springs Valley Electric Cooperative ["SSVEC"] supports the Cochise County Study Group ["CCSG"] and looks forward to working with its neighboring utilities to implement the proposed solution. SSVEC believes that CCSG has made good progress in determining a solution to the transmission issues that SSVEC noted to the ACC during the fifth Biennial Transmission Assessment (BTA).

SSVEC agrees with the CCSG statement shown in Appendix A. CCSG developed the statement jointly as a comment to the August 16, 2010 draft of the BTA report. The core concern that SSVEC wishes to convey to the ACC is that the regulated utilities in Cochise County still have not established a date by which retail customers will begin experiencing transmission continuity of service relief. Therefore, SSVEC offers the following additional comments.

### 1) The need for deadlines and well-defined expectations

Since CCSG can neither tell the ACC nor their retail customers when the solutions to the transmission issues will be started, much less finished, SSVEC suggests that the CCSG:

- identify by June 30, 2011 the projects that provide the most relief that can be done the quickest to commence transmission continuity of service relief for Cochise County retail customers;
- provide a timeline by December 31, 2011 of when all CCSG proposed projects will be energized;

- provide by December 31, 2011, an executed memorandum of understanding among all parties on cost sharing;
- receive by December 31, 2012 all approvals, except for RUS and FERC, needed to meet the timelines for energization.

**2) The need to continue in a timely manner**

The CCSG has been "treading water" during 2010 waiting for ACC approval of its definition and technical solution. To wait every two years for the BTA process for the ACC to approve CCSG's work and recommendations is not a timely means of improving service to our retail customers. SSVEC suggests that the ACC receive updates and respond as needed every six months for the CCSG.

**3) The need to ensure all regulated utilities participate financially**

There have been questions of whether all regulated utilities should participate in the proposed CCSG solution. There has also been some question as to whether all utilities should participate in all portions of the recommended solution. SSVEC recommends the ACC state all regulated utilities shall each participate financially in the proposed solution, and that the proposed solution is a "package" of improvements that must be implemented together. The method of cost allocation is left to CCSG.

**4) The need to continue to implement the technical solution**

As noted in the 2009 CCSG Report [copy attached in Appendix B], the technical solution is complex. The statements above are SSVEC's recommendations to get relief to the transmission "lack of continuity of service". There needs to be continued progress toward the solution, not just the start toward the solution as suggested above.

Sincerely,



David J. Bryan, PE  
Engineer

Enclosed: 13 copies

CC: Cochise County Study Group  
SSVEC Management

# Appendix A

---

Statement agreed upon by the Cochise County Study Group:

*The CCSG participants understand that the intent of Staff's recommendation 6.a on page 84 is focused on concluding negotiations of cost allocation and operational procedures, and does not explicitly address the various other activities necessary to commence construction as outlined in the last paragraph of §4.2.1. The CCSG participants respectfully acknowledge that it is necessary to first resolve the equipment and operational procedure differences in operating the APS and SSVEC 69 kV systems in order to conclude negotiations on cost allocation among the parties. Nevertheless, the CCSG participants will make every effort to meet the December 31, 2011 deadline.*

# Appendix B

---

**A**  
**Summary Report**  
**And**  
**Reference Filing of the**  
**Cochise County Technical Study Report**

Final Report

December 29, 2009

## RECOMMENDED NEXT STEPS

The following steps are recommended in implementing the transmission plan in order to comply with the ACC Order 70635.

### 1. Filing of the Summary Report which contains the Technical Report

It is the intent of SWTC to file the Summary Report which contains the Technical Report with their January 2010 ACC Ten-Year Plan filing. APS and TEP are expected to reference the SWTC filing.

### 2. Facility Study

Following the review and concurrence of the ACC, the CCSG recommends that an additional feasibility analysis be conducted to examine the physical constraints and costs of the recommended plan, basically a Facility Study. A key issue is that the utilities did not construct, does not operate, nor is contractually prepared for their transmission and subtransmission facilities to be operated in a normally closed configuration, especially with neighboring utilities. The Facility Study would examine the physical and electrical requirements of the recommended plan, as well as indicative costs and schedule to complete the plan.

For 2010, the CCSG intends to complete the Facility Study of the recommended plan, initiate contract discussions to implement the plan, and update load forecasts to finalize near-term construction schedules.

### 3. Applicable Agreements

Significant and complex contractual agreements will be required to accomplish the Recommended Plan. Examples of agreements needed are, but limited too; cost responsibility, wheeling arrangements, EPC (engineering, procurement, and construction), Operations and Maintenance (O&M), Load Serving agreement, etc. It is expected that these agreements will take time due to the complexity and approvals required (e.g. governing Boards, ACC, RUS, and/or FERC) to fully execute. The CCSG intends to initiate the negotiations in 2010 with the goal of having all of the necessary contractual agreements in place with adequate time to implement the recommended plan.

### 4. Construction of Recommended Projects

The Recommended Plan is based on the 2008 Load Forecast available at the time of the study, specifically the facilities identified to serve 308MW load in 2013 are:

- New APS Palominas – SSVEC Hereford 69 kV line
- Proposed 50 MVA 115/69 kV transformer at Boothill

- Loop Webb – Tombstone 69 kV line through Boothill
- Operate the following normally open circuits as normally closed circuits:
  - Charleston – Bella Vista 69 kV line
  - Keating Junction – Hawes 69 kV line
  - SSVEC Mc Neal – APS San Pedro 69 kV line
- Install shunt capacitors at the following substations
  - 13.2 MVAR at Webb 69 kV substation
  - 8 MVAR at Ramsey 69 kV substation
  - 8 MVAR at Hawes 69 kV substation
  - 8 MVAR at Pueblo 69 kV substation

And the additional facilities identified to serve 348 MW of load in 2018 are:

- Proposed Fort Huachuca 138 kV – Buffalo Soldier 69 kV tie
- Install shunt capacitors at the following substations
  - 6 MVAR at Webb 69 kV substation